

Message Text

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E.O. 11652: GDS

TAGS: PFOR

SUBJECT: MORNING SUMMARY OF SIGNIFICANT REPORTS

1. GVN PLANS TO REQUEST SECURITY COUNCIL ACTION ON PARACELS

THE GOVERNMENT OF VIETNAM (GVN) PLANS TO ASK THE PRESIDENT OF THE SECURITY COUNCIL JANUARY 21 TO CONVENE AN IMMEDIATE MEETING OF THE COUNCIL TO CONSIDER THE "AGGRESSION" BY THE PEOPLE'S REPUBLIC OF CHINA IN THE PARACEL ISLANDS. USUN COMMENTS THAT THE GVN WOULD SEEM TO HAVE NO CHANCE OF A FAVORABLE SECURITY COUNCIL DECISION ON THE PARACELS ISSUE AND BELIEVES SAIGON SHOULD BE MADE AWARE OF THE UNTENABLE POSITION THE GVN WOULD HAVE IN THE COUNCIL. (CONFIDENTIAL) USUN 188 AND 189 AND SAIGON 868, 1/20.

2. PRC EXECUTING WELL PLANNED OPERATION TO SEIZE PARACELS EMBASSY SAIGON REPORTS THAT PEOPLE'S REPUBLIC OF CHINA (PRC) AIRCRAFT BOMBED AND PRC NAVAL VESSELS SHELLS MONEY, ROBERT, AND PATTLE ISLANDS IN THE PARACELS IN WHAT APPEARS TO BE A WELL PLANNED OPERATION TO SEIZE THE ISLANDS. VIETNAMESE NAVY HEADQUARTERS HAS ORDERED COASTAL VESSELS IN THE AREA TO WITHDRAW, AND THE GOVERNMENT OF VIETNAM

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(GVN) HAS NO PLANS TO REINFORCE OR EXTRACT THE VIETNAMESE

TROOPS LEFT ON THE ISLANDS. THE EMBASSY IS DOING EVERY-
THING POSSIBLE TO RESTRAIN THE VIETNAMESE AND CONTINUES
TO BELIEVE THAT US MILITARY FORCE IS NOT REMOTELY DESIRABLE
IN THIS SITUATION. MEANWHILE, THE NEW CHINA NEWS AGENCY
HAS CHARGED THE "SAIGON AUTHORITIES" WITH "UNSCRUPULOUS
PROVOCATION" AND WARNS "THEY ARE BOUND TO EAT THEIR OWN
BITTER FRUIT." (SECRET) SAIGON 862 AND 863 AND HONG KONG
769, 1/20.

3. INDIA INTERESTED IN US OIL EXPLORATION HELP

INDIAN FOREIGN MINISTER SWARAN SINGH TOLD AMBASSADOR
MOYNIHAN IN NEW DELHI THAT INDIA WAS "VERY SERIOUS"
ABOUT HAVING AMERICAN COMPANIES SEARCH FOR OIL IN INDIA
ON A "MODIFIED PATTERN." THE AMBASSADOR EXPRESSED HIS
SKEPTICISM, BUT URGED THE INDIANS TO FIND A WAY TO SAY
SO IN SPECIFIC TERMS TO A SPECIFIC FIRM. THE FOREIGN
MINISTER ALSO SAID THAT THE ARABS, WHATEVER THEIR PUBLIC
POSTURE, ARE CLEARLY SYMPATHETIC TO THE US. (CONFIDEN-
TIAL) NEW DELHI 949, 1/20 (LIMDIS).

4. PERON ADOPTS TOUGH STANCE IN WAKE OF TERRORIST ATTACK

IN A NATIONALLY TELEVISED SPEECH JANUARY 20, ARGENTINE
PRESIDENT JUAN PERON SHARPLY CONDEMNED THE TERRORIST
ATTACK ON THE AZUL ARMY GARRISON AND SAID ALL FORCE
NECESSARY WILL BE USED TO PROTECT THE COUNTRY'S INSTI-
TUTIONS. THE AZUL GARRISON, 150 MILES SOUTH OF BUENOS
AIRES, WAS STRUCK ON THE NIGHT OF JANUARY 19 BY 60 TO 70
TERRORISTS POSING AS SOLDIERS. AT LEAST FIVE PERSONS,
INCLUDING AN ARMY COLONEL AND HIS WIFE, WERE KILLED IN
THE ATTACK. USDAO BUENOS AIRES COMMENTS THAT THE PEOP-
LE'S REVOLUTIONARY ARMY (THE TERRORIST GROUP BELIEVED
TO HAVE BEEN BEHIND THE ATTACK) IS TRYING TO PROVOKE
PERON INTO TAKING TOUGH MEASURES WHICH IT HOPES WILL
ALIENATE THE PEOPLE FROM THE GOVERNMENT. (CONFIDENTIAL)
USDAO BUENOS AIRES, 210415Z.

5. FRANCE FLOATS FRANC AGAINST OTHER "SNAKE" CURRENCIES

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FOLLOWING AN EXTRAORDINARY MEETING OF THE FRENCH COUNCIL
OF MINISTERS JANUARY 19, THE GOF SUSPENDED FOR SIX MONTHS
MANDATORY INTERVENTION BY THE BANK OF FRANCE ON THE EX-
CHANGE MARKET. FINANCE MINISTER GISCARD D'ESTAING JUS-
TIFIED THE FRENCH DECISION TO FLOAT THE FRANC BY SAYING
THAT THERE IS ABSOLUTELY NO CHANCE OF ANY REFORM OF THE
INTERNATIONAL MONETARY SYSTEM EITHER IN 1974 OR 1975.
FURTHERMORE, HE ADDED THAT, IN VIEW OF THE OIL CRISIS, A

COUNTRY WHICH TRIES TO DEFEND ITS CURRENCY AT A FIXED RATE WOULD EXPOSE ITSELF TO HEAVY RESERVE LOSSES. COMMENTATORS SAY THE BANK OF FRANCE PROBABLY LOST BETWEEN \$400 AND \$600 MILLION LAST WEEK TRYING TO KEEP THE COMMERCIAL FRANC WITHIN THE EUROPEAN MONETARY "SNAKE." (UNCLASSIFIED) PARIS 1654, 1/19.

6. BELGIAN GOVERNMENT RESIGNS

BELGIAN PRIME MINISTER LEBURTON SUBMITTED HIS CABINET'S RESIGNATION JANUARY 19 IN THE WAKE OF THE COLLAPSE OF THE BELGIAN-IRANIAN "IBRAMCO" OIL REFINERY PROJECT. THE OSTENSIBLE REASON FOR THE RESIGNATION WAS THE SOCIALIST PARTY'S (PSB) FEELING THAT THE OTHER TWO GOVERNMENT PARTIES WERE STALLING ON THE PROJECT; HOWEVER, OTHER PARTIES BELIEVE SUCH A STRONG REACTION INDICATES THE PSB FEELS NEW ELECTIONS WOULD STRENGTHEN ITS POSITION. EMBASSY BRUSSELS COMMENTS THAT THE FALL OF THE GOVERNMENT WILL HAVE MINIMAL EFFECT ON US INTERESTS. (CONFIDENTIAL) BRUSSELS 340, 1/19. KISSINGER

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